

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC 8178

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E.O. 11652: N/A

TAGGS: EAIR, ELAB, CA

SUBJECT: AIR CANADA AND LABOR

1. 7,500 OF AIR CANADA'S GROUND SERVICE WORKERS, MEMBERS OF THE INTERNATIONAL ASSOCIATION OF MACHINISTS (IAM), VOTED OVER THE LAST TWO WEEKS IN FAVOR OF ROTATING STRIKES AT INDIVIDUAL AIRPORTS AS PRESSURE TACTIC TO RENEW A COLLECTIVE BARGAINING AGREEMENT WITH AN 18 PERCENT INCREASE OVER 18 MONTHS. AIR CANADA (AC) HAS OFFERED 6 PERCENT FOR EACH YEAR OF A TWO-YEAR CONTRACT. BAGGAGE HANDLING DISRUPTIONS AND SERVICE DELAYS AT TORONTO INTERNATIONAL AIRPORT AND AT MONTREAL'S MIRABEL AND DORVAL AIRPORTS BROUGHT ON BY WOR-TO-RULE ACTIONS OF GROUND CREWS LAST WEEK INDICATE INTENTIONS OF UNION TO PRESS HARD FOR ITS DEMANDS. AC-IAM CONTRACT EXPIRED APRIL 6, 1978.

2. THE MINISTER OF LABOR HAS APPOINTED A CONCILIATION COMMISSIONER TO REVIEW THE CASE. SEVEN DAYS AFTER THE COMMISSIONER SUBMITS HIS REPORT (DATE UNCERTAIN, BUT CONCEIVABLY EARLY AUGUST) THE UNION CAN LEGALLY COMMENCE STRIKE ACTIVITY. MEANWHILE, AC CONTINUES TO SEPARATELY NEGOTIATE WITH ITS 1,500 PILOTS AND 2,700 FLIGHT ATTEN-
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PAGE 02 OTTAWA 03706 252204Z

DANTS. NEGOTIATIONS WITH THE LAST OF THE FOUR UNIONS REPRESENTING AIR CANADA'S EMPLOYEES (THE CANADIAN AIRLINE EMPLOYEES ASSOCIATION - 2300 TICKETING AND RESERVATIONS CLERKS) TO REPLACE THE CURRENT CONTRACT WHICH EXPIRES IN SEPTEMBER ARE EXPECTED TO BEGIN SOON.

3. COMMENT: LEGISLATION PROCLAIMED IN APRIL RESTRUCTUR-

ING THE FINANCIAL POSITION OF THE COMPANY WILL REQUIRE
AIR CANADA TO RAISE FUTURE CAPITAL IN PUBLIC FINANCIAL
MARKETS, RATHER FROM GOVERNMENT CREDITS AS IN THE PAST.
IN ORDER TO PROTECT THE PROFIT POSITION AIR CANADA
ESTABLISHED IN 1977 AND THE FIRST QUARTER OF 1978 AND
BE ABLE TO PRESENT A PROSPECT OF CONSISTENT EARNINGS TO
BANKERS, THE COMPANY CAN BE EXPECTED TO DO SOME HARD
BARGAINING WITH THE UNIONS TO MINIMIZE INCREASES IN LABOR
COSTS WHICH WILL RESULT FROM THE FOUR NEW CONTRACTS TO
BE NEGOTIATED. ENDERS

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